

WMC Green Tier and Beyond
Secretary Hassett
12/1/04, Milwaukee Marriott West

Thank you to Jim Haney and Jeff Schoepke for the invitation and the opportunity to speak.

Green Tier is “opportunities for business, government and communities”

- I believe that Green Tier can help us accomplish 4 things
 - Regulatory efficiency
 - A DNR that can adapt more quickly and is recognized as flexible
 - New solutions for good actors
 - Incredibly talented staff with a real sense of mission working with business to produce superior economic and environmental results.

Grow Wisconsin – a new day for Wisconsin and our approach to environmental issues

- Green Tier meets the Governor’s promise to “enact legislation that rewards companies with good environmental records”

We are making changes that will make the phase one laws better – Let me make it clear that I want to keep the command and control system but I also need to create a safe place for new ideas that lead to superior environmental performance.

Green Tier is the first step of Phase Two environmental law.

- Shift from Phase One (command and control environmental regulation) to Phase Two (managing environmental performance)
 - Under Phase Two command and control does not go away but is supplemented by new opportunities for environmental performance and new ways of doing business
 - Phase two is in the first steps of what we will see in the next 10-20 years
 - Phase two is not a passing fad – Phase two is part of a rising tide of interest.
 - Other states (Colorado, Virginia, Washington, Minnesota) and the Federal Government (Performance Track & EPA’s new Environmental Management System policy) are engaged.
 - Phase two is about both “what” DNR does and “how” DNR engages the public and business

Green Tier will involve our federal partners – we could not and would not expect simple endorsement of Green Tier but we do expect EPA to work with us when we come up with ideas that produce superior environmental performance.

- Issues that need resolution and discussion at the federal level will draw upon good working relationships
- Issues that involve risk and departure from existing culture have a process for resolution
 - “Unsticking” process developed through ECOS
 - Commitment from the Deputy Administrator to make a decision if one cannot be made through the process
- On December 9, Mary Schlaefel and Mark McDermid along with others from the Department will be doing the first formal briefing for USEPA – Region 5 staff.
- While only at the speculative stage, legislation that would begin to address “Phase Two” changes in federal law is being considered.

When we talk about Phase Two, we are talking about a shift from a limited focus on minimum standards and compliance to a broader one of creating economic value and improved environmental outcomes. This will mean change at both the federal and the state level.

We need to look back at the lessons from the pilot program but we also need to look forward to the paradigm shift in the law.

- Let’s be informed by the results that we have achieved with the pilot program.
- Let’s use Green Tier to start thinking about a shift in the legal paradigm of command and control to a “we can” view in which the law is driven by the possibilities of what we can accomplish together.

Green Tier presents the opportunity to enable good ideas (good for the economy and good for the environment)

- We have seen what the future can be.
- We know from the Pilot Program that we can create business value and environmental results at the same time –
 - (a) Packaging Corporation of America is achieving performance 7.5 times better than the control standard by investing the same money that they would have had to invest to meet the MACT (maximum achievable control technology) standard.
 - (b) Cook Composites and Polymers has taken leadership in product stewardship by integrating environmental considerations into the design and development of products including commercial development of low-styrene (low hazardous air pollutant -- HAP) composite resins as well as water-based coatings and stains products.
 - (c) Madison Gas and Electric voluntarily accepted reduced air limits, completed a boiler combustion improvement study and

began discussions with DNR about implementing recommendations of the study.

- (d) We Energies continued the recovery of energy by reburning high-energy ash, displacing over 1,325 railroad cars of coal that would have otherwise been mined and purchased from outside Wisconsin.
- (e) Northern Engraving Corporation reduced Hazardous Air Pollutants(beyond requirements) by 85% through ultraviolet screening and Hazardous Air Pollutants elimination in clean-up solvent at their Holmen facility (this is the Corporation where we have a bubble that covers four plants). We have taken permitting time to 14 days.
- (f) At the 3M Menomonie plant, 23.4 tons scrap nickel plating recovered for reuse. - Cost savings: \$131,000. We are near to an agreement that will provide significant flexibility to new products that are brought into the production mode – using a facility emissions cap.

Framework for Change

- Paradigm shift from “Law drives Practice” to “Practice drive Law” – use the bubble example of individually permitted processes versus overall limit and best practices achieved within the limits
- Change our focus from minimizing risk to creating value
 - Phase one was “meet the minimum and keep your client out of the news”
 - Phase two is “look to the future, step back, loosen our hold and recognize that there our new ways of working together to collectively meet our obligation to protect the environment”

My challenge to business is to start thinking about what could be done.

- Think about the good work that you are doing that deserves recognition
- Help us think about the places where we can change our approach in ways that will help you get better environmental results and make yourselves more competitive.

I want Green Tier to help us build a better relationship with business, based on Performance

For Green Tier to work we are all going to have to get comfortable with the specifics. I want Green Tier to come from 3 things.

- Build Green Tier together (Bavaria was a first step)
- Find some good first examples
- Get some initial agreements that produce real business value

We are going to build Green Tier together.

- One example is the trip to Europe and the relationships with business as well as new ideas for business that resulted. Going together enabled us to:
 - See examples of environmental performance that our industries were told were impossible to do
 - See the results of setting aside environment micro management and giving practice the opportunity to drive the law
 - Meet “collaborators” from business and from government to understand how they work together.
- What resulted was discussions about
 - A Green Printing center in Waukesha,
 - Branding Wisconsin the place for environmentally preferable printing,
 - Work underway on a charter for the building industry,
 - Initial discussions about a self regulation proposal for printers
 - Drafts underway for model electrical distribution systems
- We will get to specifics with what we see and can share.
- Building new relationships – there was an environmental presence and a willingness to work together – 1000 Friends, Wisconsin Environmental Initiative and WASTE CAP Wisconsin
 - Discussions with FTSE4GOOD as a partner for companies that participate in Green Tier

We will need some good first examples – (3 examples below but over 50 companies and organizations have expressed interest in the law)

- Megtec (our first applicant) Major supplier to the Paper and Printing industry (first applicant for Green Tier) working to differentiate itself not only on the basis of environmental performance in their manufacturing processes but also in the environmental gains that are produced for its customers with the equipment that they purchase
- Roundy's – first applicant for Tier 1 will be making special environmental efforts as a part of their new distribution center in Waukesha and building a working relationship with the Department.
- Holsum Dairy now completing their application and working on a way to fully address environmental issues – one example is they are considering a 90% reduction in odor (just one of many things that they are working on)
- For those among the business participants who wonder about culture change, ideas are also coming from within DNR – staff finding ways to help good companies do better (both economically and environmentally)
 - ♦ Waste Management – conversations with Hazardous Waste Generators and processors on new ways of doing business – better for the environment and for business

- ♦ Air Management – conversations with Printers and with three major southeast Wisconsin manufacturers – better ways to get environmental results that are also good for business

We will get some initial agreements that produce real business value.

- Multiple levels of government, business and community members are coming together to produce permitting certainty and reduced duplication while producing superior environmental results.
- One example is already underway. Veridian Homes working on a comprehensive strategy to environmentally manage their work and bring state and local government together with Veridian to accomplish those objectives.
- I know that there are other possibilities out there and I would challenge you to work with us to find them. Many of your colleagues and competitors are already starting those discussions.

I want us all to give life to Green Tier through new green thinking,

Green Tier has 3 drivers – Less Waste, Lower Cost and Healthy Communities

- Less Waste – not only the waste that is produced by business but also the micro regulation that does not produce environmental results
- Lower Cost – not only the cost of doing business but also the cost of goods and services as we find environmental and economic gains
- Healthy Communities – not only healthy because we get better environmental results but also healthy because we have a more collaborative working relationship

Green Tier makes it clear that environment is part of our brand name in Wisconsin, having all of us do well by doing good things.

- **Tier 1** – recognition, branding and improved working relationship (reduced inspection, single point of contact and limited civil immunity) in return for commitment to superior performance and the system to deliver the promised results and manage performance. Examples:
 - Small factory that uses Green Tier to assure customers that it is committed to environmental performance
 - Expanding business that wants to assure that there is a consistent point of contact within DNR to coordinate actions
- **Tier 2** – for companies with a demonstrated record of superior performance, find ways to remove barriers that impede environmental and economic improvement. Tier 2 uses participation contracts to provide incentives proportional to environmental performance. Examples:
 - A manufacturer uses the contract to install more effective controls on an unregulated portion (before the discharge point) of their process in lieu of more expensive and less effective controls on the regulated portion (emissions to the air) of their process.

- A cheese factory uses the contract to establish a flow based monitoring program in lieu of additional pretreatment to accommodate expansion and reduce overall stream impacts.
- A manufacturer uses the contract to replace numerous individually permitted processes with a bubble (combined limit) that allows process change without re-permitting as long as the facility stays within the overall limits.
- A manufacturer uses the contract to increase hazardous waste handling safety and efficiency by increasing the storage amounts and time of retention for multiple manufacturing facilities.
- **Charters** – provide a new convention in law that draws parties together to solve problems, share responsibility and be empowered to get results.
 - A developer, DNR and three municipalities enter into a charter that addresses overlapping jurisdictions, authorities and different time frames that impede accomplishing both environmental and business objectives.
 - A trade association uses the charter to organize members interested in improving environmental performance using a contracted third party to develop the management system, assure and verify best management practices and develop shared approaches that yield coordinated, improved environmental performance (increased compliance review, improved waste management, increased recycling and reuse, etc.)

Now is a time to be bold. I am looking for the places and the ways to build and pursue economic and environmental performance. We are aggressively pursuing this with companies that have been willing to step beyond the limitations of command and control and consider a new framework for performance.

Conclusion

- New approaches are the first step of Phase Two environmental law
- Collaboration which is the key to our future success in tackling tough problems now has new tools like Green Tier to build for the future
- We are seeing that if we “imagine the possibilities” the resulting new realities can produce superior results
- By addressing our problems with new tools, we are getting more from the resources that we have and drawing new resources into the fray
- We are just starting to see a new sense of community and we have a foundation to build a new community of interest.